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RBI Keeps Repo Rate at 5.5%, Retains FY26 Growth Outlook

RBI maintains neutral stance; GDP growth forecast stays at 6.5% for FY26, inflation outlook revised down as retail prices hit multi-year low.

The Reserve Bank of India (RBI) has decided to hold the policy repo rate steady at 5.5% following its latest Monetary Policy Committee (MPC) meeting that concluded on August 6, 2025. The central bank also opted to maintain its 'neutral' stance, signaling a cautious approach amid global uncertainties such as tariff tensions and slowing inflation. This marks a pause after a cumulative 100 basis points cut between February and June, during which the RBI implemented three successive reductions to support economic activity.

Alongside the rate decision, the RBI retained its projection for real GDP growth at 6.5% for the current financial year. Quarter-wise growth is expected to stay on track, with estimates ranging from 6.3% to 6.7%. On the inflation front, the outlook has been revised significantly downward. CPI-based inflation is now projected to average 3.1% in FY26, compared to the earlier forecast of 3.7%. The recent drop in headline retail inflation to 2.1% in June—its lowest level in over six years—has contributed to the improved inflation outlook. While rural demand appears stable, urban consumption is yet to see strong momentum, particularly in discretionary categories.

In its broader policy commentary, the RBI acknowledged the support provided by robust government capital expenditure and a favourable monsoon. It also announced continued efforts to strengthen financial inclusion and streamline processes for claim settlements related to bank accounts and lockers. With no immediate changes expected in lending rates linked to the repo benchmark, borrowers may still see adjustments under other frameworks such as MCLR. For depositors, especially senior citizens, fixed deposit rates remain attractive for now, though softer returns could follow if rate cuts resume later in the year.

Industry Experts Opinion

Dr. Vishesh Rawat, VP & Head of Marketing, Sales & CRM, M2K Group

"The RBI's decision to maintain the repo rate at 5.5% with a neutral stance brings much-needed continuity and stability to the financial environment. For the real estate sector, especially in a time when buyer sentiment is gradually improving, this move ensures that home loan rates remain attractive and predictable. As we approach the festive season, stable borrowing costs are likely to support housing demand across segments, particularly among first-time buyers and the mid-income group. It also sends a positive signal to developers and institutional investors looking at long-term commitments."